

Thursday, March 18, 2004

The Cost of the Republican Medicare Rx Drug Plan

Representative Rahm Emanuel's Office compiled several excerpts from news reports (full articles also attached below) which quote both **Tom Scully**, Former CMS Administrator, and **Tommy Thompson**, Secretary of Health and Human Services, as **stating unequivocally that the Republican Rx Drug Plan would cost \$400 billion over 10 years.**

In light of recent revelations that CMS Actuary Richard Foster was threatened if he released estimates that showed the bill would cost over \$500 billion, these news reports may be helpful when discussing this issue during the House Democrats' Weekend of Action this weekend and in the coming weeks and months.

In Their Own Words

"This is a good bill that will help every Medicare beneficiary. **We are spending \$400 billion.** There is modest, but real, cost containment to flag potential future cost explosions. There are modest, but real, competitive reforms. In fact, the final bill is almost precisely what President Bush requested from Congress."

-**Tom Scully**, Administrator, Centers for Medicare and Medicaid Services, Letter to the Editor, The New York Times, November 20, 2003

"This is a good bill that will help every Medicare beneficiary. We are **spending \$400 billion**—which is very real. There is modest, but real, cost containment to flag potential future cost explosions. There are modest, but real, competitive reforms."

-**Tom Scully**, Administrator, Centers for Medicare and Medicaid Services, Letter to the Editor, Chicago Tribune November 23, 2003

"There's no question, **\$400 billion** over 10-year, \$40 billion a year."

--HHS Secretary **Tommy Thompson** on Fox News "Special Report with Brit Hume" November 24, 2003

FULL NEWS ARTICLES ATTACHED BELOW

The New York Times

November 20, 2003, Thursday, Late Edition - Final

The Medicare Bill: A Good Thing?

To the Editor:

Re "The Trojan Horse," by Paul Krugman (column, Nov. 14):

After 38 years of doing virtually nothing to change or improve Medicare, Congress is on the verge of passing major improvements.

The elderly, particularly the elderly poor, need prescription drug coverage, and they will get excellent new benefits. And Medicare will finally provide the elderly with the option that 70 percent of the non-Medicare population chooses -- preferred provider organizations (P.P.O.'s) -- while protecting and updating the traditional Medicare program.

This is a good bill that will help every Medicare beneficiary. **We are spending \$400 billion.** There is modest, but real, cost containment to flag potential future cost explosions. There are modest, but real, competitive reforms. In fact, the final bill is almost precisely what President Bush requested from Congress.

It is far too much money and too little reform for some, and it is far too little money and too much reform for others. That means we found the middle and probably got it about as right as it gets in our complex but wonderful legislative process.

TOM SCULLY

Administrator, Centers for Medicare and Medicaid Services

Dept. of Health and Human Services

Washington, Nov. 17, 2003

Chicago Tribune

Nov 23, 2003

The right prescription for Medicare

AUTHOR: **Tom Scully**, Administrator, Centers for Medicare and Medicaid Services

VOICE OF THE PEOPLE (letter)

Steve Chapman's column regarding the Medicare prescription drug benefit legislation completely misses the point ("A look at Medicare's foolish prescription for bankruptcy," Commentary, Nov. 13). The administration and Congress believe all seniors should have the option of a subsidized prescription drug benefit as well as better coverage for preventive care and serious illness, just like the plan options available to all federal employees.

Today only about one-third of the current Medicare population has drug coverage through a former employer, and that figure drops precipitously with new retirees. About 10 million seniors currently have no prescription drug coverage at all and many others have insufficient drug coverage.

After 38 years of doing virtually nothing to change or improve Medicare, Congress is on the verge of passing major improvements. Seniors, particularly poor seniors, need prescription drug coverage- -and they will get excellent new benefits. And Medicare finally will provide seniors with the option that 70 percent of the non-Medicare population chooses--PPOs--while protecting and updating the traditional Medicare program.

This is a good bill that will help every Medicare beneficiary.

We are spending \$400 billion--which is very real. There is modest, but real, cost containment to flag potential future cost explosions. There are modest, but real, competitive reforms.

It is far too much money and too little reform for some, and it is far too little money and too much reform for others. That means we probably got it about as right as it gets in our complex but wonderful legislative process.

Strengthening Medicare this year with better benefits and more choices is the right prescription for improving the quality of health care our seniors receive in America.

FOX NEWS

Senate Passes Medicare Bill

This is a partial transcript of Special Report with Brit Hume, November 24, that has been edited for clarity.

Watch Special Report With Brit Hume weeknights at 6 p.m. ET

(BEGIN VIDEO CLIP)

SEN. JUDD GREGG (R), NEW HAMPSHIRE: It is a massive tax increase being placed on working, young Americans and Americans who haven't yet been born, in order to support a drug benefit for retired Americans. It seems incredibly unfair for one generation to do this to another generation.

(END VIDEO CLIP)

BRIAN WILSON, GUEST HOST: That was a member of the president's party, New Hampshire Senator Judd Gregg, who opposes the Medicare bill and whose mind was not changed when Health Human Services Secretary Tommy Thompson, there you see him on the floor of the Senate today, trying to garner all the votes he needed for passage.

Secretary Tommy Thompson joins me now here on the set.

It is good to have you here. Now when all counting was done, you had 70 votes, and it looked like you had more than enough for passage here. But it is a bit unusual to see a secretary of Health and Human Services actually on the floor making sure there were no last-minute concerns in the minds of the senators.

TOMMY THOMPSON, SECRETARY OF HEALTH AND HUMAN SERVICES: Well, this is such an important bill for the seniors, for the president, and for changing the Medicare and transforming medical care in the United States. That I felt it was absolutely my responsibility and duty to do everything I possibly could to garner the votes necessary to get this passed.

WILSON: How were you received down there on the floor?

THOMPSON: Received very well. People on both political parties were happy to see me. And I told them how important it was for the president and how important it was for elderly Americans to get this drug benefit. So I think it was well received. And I am very happy that I did it.

WILSON: I must mention, you did the same thing on Saturday morning in that marathon vote that went on for almost three hours early Saturday morning. You were on the floor; and there were some minds changed at the very last moment there, were there not?

THOMPSON: That is correct.

WILSON: What was going on?

THOMPSON: Well, you know, there was not enough votes to pass it. And we kept the role open, the speaker did. And everybody was talking in individuals, explaining all the importance of this particular piece of legislation and how much it was needed. And we were finally able to convince enough people. And the president was awakened at about 5:00 in the morning by the White House staff. and they -- and the president started calling and the president did a great job of convincing some people that this was the right thing to do.

WILSON: Now this is, by all accounts, very big stuff that impacts millions and millions of Americans.

THOMPSON: Yes, it does.

WILSON: Tell me what this will do that we don't have now in the system?

THOMPSON: Well, right now, seniors do not have the opportunity to have their drugs that they need for the improvement of their health purchased by Medicare (search). This is going to allow seniors, especially poor seniors, those under 150 percent of poverty, to be able to have the opportunity to be able to purchase drugs and have the federal government pay upwards of 90 percent of the cost of those drugs.

This is really a bill for low-income seniors, all across America. It is good for all seniors, but for low-income seniors, it is an extremely beneficial thing. Seniors that now have to make the choices whether or not they're going to purchase drugs or other necessities of life. They won't have to make that choice anymore once we get this up and running in 2006 because they will be able to have the money from the federal government to purchase the drugs. And they can use their other Social Security (search) money to purchase other necessities.

WILSON: You mentioned this doesn't go into effect until 2006. Why does it take so long to implement something that many Americans believe is radically needed today?

THOMPSON: Well, it's radically needed. We've been working on this for 10 years. What takes so long is you have to set up the machinery; you have to set up, the software, the computer system. You have to design the regions in which this is going to be set up. You're going to have to put out all of the information to the seniors, all the information to the private insurance companies. You have to set up the bidding processes, and how the bids are going to take place. For those companies that are going to be bidding on providing care for seniors, then you're going to have to allow the seniors to have choices.

It is a monumental, administrative responsibility for my department to do this, plus, the Social Security Department. So, we're going to have to interact with Social Security, get all the information together, and set up the computer system to do it. It's going to take all of two-years to get it done and we will be working extremely hard to get it done.

WILSON: It that complex a task?

THOMPSON: It is the most complex piece of legislations that this Congress has had to deal with. It is an extensive, overhaul of Medicare. You're going to have a lot of new ideas in there, a lot of preventive health. Every senior is now going to have a basic welcome to Medicare physical, something they don't have right now. A lot of new kinds of testing taking place so we can get at preventing seniors from getting sick, and be able to start promoting good health care for our elderly Americans.

WILSON: Now, we opened up this segment, we heard from Senator Gregg of New Hampshire, passionately saying on the floor of the Senate, he thought it was too expensive. That it was a budget buster. There's no doubt this is an expensive bill.

THOMPSON: There's no question, \$400 billion over 10-year, \$40 billion a year. But it is a badly needed proposal. Every -- you know, most of the individuals elected to Congress, senators as well as representatives, have been campaigning for almost 10-years to deliver prescription drug coverage for seniors. And now we're on the one-yard line, Brian, and we're about ready to score a touchdown for our elderly Americans.

WILSON: Yes, but you were always known, when you were governor, as being, you know, somebody who watched the bottom line; try to make sure you didn't go into debt...

THOMPSON: No question about that.

WILSON: ... as a deficit spending. This is a big chunk of money that's going to come out of the deficit. It is deficit spending, isn't it?

THOMPSON: Well, it is right now. But it is also going to give us the opportunity to overhaul Medicare. To make it more efficient than in the past, because right now, all you have is one choice when you are a senior. You go into the government-control, the price-controlled kind of a system that we have, the fee for service.

Now seniors are going to have the same choices that you have. And we believe by bringing in the health insurance and HMOs, we're going to be able to have the kind of competition, the kind of integration necessary to be able to have an efficient system. And seniors are going to be able to have the choice of staying in the current system or be able to choose a system that is more adaptable to what to need for their particular selves and their families.

So we believe there's going to be a lot of efficiencies. We also believe that preventive care is going to hold down costs because right now we spend all the money making sure that people get well after they get sick; instead of preventing them from getting sick in the first place.

WILSON: We have to go. Mr. Secretary, thank you so much.